Interview with Harry W. Shlaudeman

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

AMBASSADOR HARRY W. SHLAUDEMAN

Interviewed by: William E. Knight

Initial interview date: May 24, 1993

Q: We are going to start out with a brief review of your Foreign Service career and then go on to substantive matters. Harry, go ahead.

SHLAUDEMAN: Most of my career turned out to be, in a sense, accidental. I came into the FS immediately after a year in which the Department had suspended all recruitment because of security issues in the early part of the Eisenhower Administration, the McCarthy Era. There were only a small number of us, and I was at the time working for an oil company in Los Angeles. It seems incredible, but the Department called and asked where I would like to go, what kind of assignment I would like.

Q: You were not in the Service yet?

SHLAUDEMAN: No, I was not in the Service. I said, Well, in one form or another I had been to most continents, but I had never been to Africa, so I said I'd like to go to Africa.

Q: How did they know of your existence?

SHLAUDEMAN: I had passed all of the tests. So I actually got orders and assignment to Durban, South Africa, even before I had been through the school. When I got to

Washington, however, the Vice Consul who had been assigned to Barranquilla, Colombia, refused to go, so they changed me to Colombia.

Q: This is what year?

SHLAUDEMAN: This is very early 1955 — I never even heard of the place, so I went. We had very little training in those days. I think I had a month of Spanish and a short course on visa issuance, and that was about it. In any case, that's how I became a Latin Americanist, in a totally accidental way. One of the interesting things that happened to me in Barranquilla, was that in those days — this was before the jets — in order to fly up to Bogota which is 8600 feet, the planes had to stop in Barranquilla, and also, going out, they had to do that, and our Ambassador at the time was Phil Bonsal, who is still very much alive. Phil, during one year that I was there, was the Liaison Officer in the UN during the General Assembly, so he came and went repeatedly, and I met him at the airport — I don't know how many times — and thus got to know him going and coming, and he asked me to come up to Bogota and be a Political Officer, which was something I very much wanted to do.

From there I took — it was very much the fad in those days — after serving in Bogota with Bonsal and John Moors Cabot, I opted — as we were all being urged to do — for a hard language and ended up taking Bulgarian and went to Bulgaria when we reopened the post in 1960. It was an interesting tour. It was the only tour I had outside of Latin America. We were there during the erection of the Berlin Wall, the Chinese-Soviet Break.

Q: How much time did you spend on the Bulgarian language study?

SHLAUDEMAN: I spent 10 months learning Bulgarian. Another interesting thing that happened to me after I finished. We were closed in Bulgaria — we had been closed 10 years, and Foy Kohler had negotiated our re-entry into Bulgaria. We were waiting because we had no facilities there, no place. During the interval, after I'd finished the language,

I found myself as Secretary of the Style Committee on the Antarctic Conference which wrote the Antarctic Treaty.

In any case, I went to Bulgaria. From Bulgaria, I was declared — I was PNGed out of Bulgaria after slightly more than 2 years. This was in retaliation for our PNGing a Bulgarian officer in their mission in New York.

Q: Spying, I suppose?

SHLAUDEMAN: No, actually, I think he was blackmailing some Bulgarian immigrant. I came back to the Department — I had meant to stay a third year.

Q: Just a question about being PNGed and what that involved — how upsetting or otherwise it was. What actually happened?

SHLAUDEMAN: What happened was that when we expelled this Bulgarian, it was obvious — we all knew in the Mission that somebody would be the object of retaliation and the question was Who. This fellow was a First Secretary and I was a Second Secretary. We had one First Secretary there and we thought that he would probably be expelled. However, they picked me, I think, because I was a Bulgarian Language Officer and I had a number of Bulgarian friends.

Q: And the First Secretary was not?

SHLAUDEMAN: No, he was a USIA Officer and really, I'm sure they regarded him as harmless. In any case, I'm sure this was one of the few times, if not the only time in the history of the Service, that an officer has interpreted his own PNGing. I accompanied the Chief of Mission to the session in which this fellow explained that I would have to leave. He refused to look at me during this conversation. In any case, I came back from there without a job, very much at loose ends, and there was nothing for me in Eastern Europe.

Q: Did you have family with you in Bulgaria?

SHLAUDEMAN: Yes, but my wife had left, came back here to have our second child in the late fall of 1961, and I actually left in 1962. While I was here — while I was in California — they were looking for a Political Officer to go to Santo Domingo, and through the intervention of Bob Hurwitch I got that job. This really was the most significant assignment of my career. I was the Chief Political Officer for two years, and then I came back and was the Dominican Desk Officer when we sent the Marines and later the 82nd Airborne into Santo Domingo. Then I went back and spent, basically, a year and a half during the negotiations with Ellsworth Bunker and others.

Q: You were on Bunker's team?

SHLAUDEMAN: I was his principal advisor. What happened was that I had gone down there — the coup occurred on a Saturday, and on the following Monday night, I got a telephone call from John Bartlow Martin who had been the Ambassador there, saying that the President had asked him to come to the White House to confer on this issue and he asked if I would be at the White House. I then went along with a fellow from the CIA, briefed him before he saw the President. Then he and Mac Bundy came down and Bundy asked me to accompany Martin to the Dominican Republic. So I went and was there with him; and Bill Bowdler and I were there when Ellsworth arrived, and we sort of went on from there. Bowdler came back but I stayed.

Q: You were in Bunker's immediate staff? I'd like, after you finish this summary, to go into Bunker's negotiating tactics. With Len Unger and the Trieste thing, we discussed at considerable length how Tommy Thompson handled the negotiations. I think that would be an interesting sidelight for a future researcher, so after you finish this section, let's spend a couple of minutes on that.

SHLAUDEMAN: Okay. Well, after that — this was obviously a very prominent assignment — it got my name all over. So when I came back, I was made an Associate Director of the Office of Caribbean Affairs. So I went to the Senior Seminar.

Q: What year are we now?

SHLAUDEMAN: This was 1966-1967. Then, while I was in the Seminar, Buck Borg who was the Secretary's Special Assistant asked me if I would replace him, which I did. I spent the rest of '67, a little more than half of '67 and all of '68, until the Nixon Inauguration, as the Secretary's Special Assistant.

Q: That's not the Executive...

SHLAUDEMAN: No. In those days, there was no Executive Assistant, I was the principal assistant.

Q: I see. Were you in effect running SS then?

SHLAUDEMAN: No, no, that's the Executive Secretary. I ran the Secretary's office, made most of the trips with him — that sort of thing. It was a tremendous period. We had the Tet Offensive, we had the Arab-Israeli War, we had all kinds of just about everything — we had the invasion of Czechoslovakia.

Q: Who was Secretary?

SHLAUDEMAN: Dean Rusk. After that finished, I went to Santiago, Chile, as Deputy Chief of Mission, where I spent 4 years — again, a most turbulent time.

Q: Yes. I inspected Chile when you were there, you may remember.

SHLAUDEMAN: I do. Tremendously turbulent. We went through everything possible. From there, I came back to be Deputy Assistant Secretary — in 1973. I came back two months

before the coup. I was one of Jack Kubisch's deputies. There were only three — there are five now.

Q: Probably cutting some of them out, now.

SHLAUDEMAN: I would hope so. Bill Bowdler and I really were on everything except the economic. Then I worked for a while for Bill Rogers, also in that job, and then was sent on my first Ambassadorial posting to Caracas, in Venezuela. I was there only a year when Henry Kissinger asked me to come back and be Assistant Secretary, which was very painful. This had been building up — we had had problems during the confirmation hearings on Venezuela — but the hearings on the Assistant Secretaryship were very painful. This all had to do with Chile, the role of the CIA and Chile; what I had known, what I had done. In fact, I had a three-hour closed session with the Senate Foreign Relations Committee. I was finally confirmed, in large part because Henry insisted, but I only kept the job for less than a year because, when Carter came in — this was 1976 — naturally, I was removed. But he very generously gave me the embassy in Lima where I was for three and a half years, and then the Embassy in Buenos Aires where I continued under Reagan.

Then in Argentina we had the invasion of the Falkland-Malvinas Islands which created a tremendous problem. So after I'd been there just about three years, I was withdrawn. I came back here. They were just forming the National Bipartisan Commission on Central America, the Kissinger Commission, and Henry asked me to be the Executive Director of the Commission, which I did. As a result of that — the President had set up the President's Special Envoy to Central America and had given it to an ex-Senator, Senator Stone. He and the Assistant Secretary had differences and he lost. I was scheduled to go to Guatemala, but the Secretary asked me if I would take this job, as Ambassador-at-Large, and the President's Special Envoy for Central America, which I did for two years.

Q: What years are we now?

SHLAUDEMAN: March '84 to March '86. Then in the summer of 1986, I went to Brazil. I was there just less than 3 years, and retired. I had been back for several months when the people in ARA asked if I could give them some help with the Contras, because we were getting into the beginning of these negotiations, to end the war and allow the elections to go forward. So what I did basically was to act as an advisor in negotiations to the Nicaraguan Resistance. They didn't take much of my advice.

Q: Who was the head of those negotiations?

SHLAUDEMAN: This was very unclear — never really did — the titular head and the spokesman was Enrique Bermudez who had been the military commander of the Contras, and who, as you my recall, was murdered in Nicaragua in 1991.

Q: On our side, who?

SHLAUDEMAN: On our side — we were not involved, in theory. This was really my role, to involve us to the extent possible. In any case, I had been doing that for some months, traveling down to Honduras, and to Nicaragua once, when the elections — to everybody's surprise, Mrs. Chamorro won. We had not had an Ambassador there for a couple of years, so they were very anxious to have someone as quickly as possible, and they faced the — quite frankly — original choices, the names that came up — looked like they would be problems in the confirmation. I had been so many times through the wringer that there wasn't anything more they could find out. By this time, the Committee and the staff all knew me, and we simply had no more problems. In any case, one afternoon — I was not surprised — in fact, I had some hints this would happen — President Bush called me at home, asked me if I would take this job. He said, I know that you don't want to, and I know that you have retired, but if you would just go down there for a year, I would be very grateful. I said, Well, a year is a little short — I'll go for a year and a half, but that's it. Actually, I stayed about 20 months. Then I retired again and that was all.

Q: That is an incredible series of relationships with major problems!

SHLAUDEMAN: Well, I think that — to go back to the Dominican Republic...

Q: Let's start there — this is on negotiating techniques and I wanted to get some word of Bunker. I had wondered how Bunker handled the Panamanian thing and I was glad to know you were involved in the Dominican Republic.

SHLAUDEMAN: Well, I was also involved peripherally in part of the Panamanian issue.

Q: Let me just interject that this is a sort of parenthesis on negotiating tactics, when the United States is trying to mediate or encourage a contentious overseas dispute.

SHLAUDEMAN: What Bill Bowler and I tried to do was describe as clearly as possible the scene on the ground, the actual situation as it existed, in a paper which we gave Bunker the day he arrived. We said, in this paper, that there was a possibility for a political arrangement, but the underlying problem was between factions of the armed forces, the military, which had really created this issue, and that we did not think that this was negotiable. We thought, he and I had pressed for elections for a way out, as a way to get our troops out of the Dominican Republic and resolve this issue. We had had a lot of trouble with Tom Mann, who thought that elections would favor Juan Bosch and the left, but Bunker bought off entirely on the election scenario.

So the first thing he did was make it clear to the President and the White House that he was not going to be rushed. He always told this story about how, when he negotiated — the Dutch and the Indonesians had this problem in Irian — how he had taken the parties out to negotiate at Airlie House. He said, about 10 minutes after he arrived, George Ball called him and asked how it was going. And he said, Don't you call me again, I'll call you. He made that clear in the Dominican Republic.

So what he did, basically, was take his time. We helped him identify — which is very necessary in Latin America — the person who could be a provisional President, be acceptable to both sides. That was very difficult to do, as you can imagine. But he insisted on doing that as the first step, not trying to negotiate the issues, but to get the fellow who could be the figurehead.

Q: Are you saying that at that point, he was getting the approval of the various sides, to that person?

SHLAUDEMAN: First he selected the person, and then he went to the two sides. But we helped him get the person that we thought, and we turned out to be right, more or less, would be acceptable.

Q: This was before that person knew you were thinking of this?

SHLAUDEMAN: Yes. Although I suspect that he suspected. One thing you have to remember about this negotiation is that we had the 82nd Airborne on the ground. We had overwhelming force, so the question really was the best way to use that leverage, which he was very good at. He actually took several months to work this out. He used to go down to see — the rebels, as they were called, the Constitutionalists, had taken a section of the downtown and they were ensconced in there and they were surrounded by the 82nd Airborne.

Q: They had their own armed forces?

SHLAUDEMAN: Oh, yes. So he would go down there, usually almost every day, and he would sit there very patiently. His basic technique, I always thought, was to listen very patiently and then insist on whatever it was he wanted. He was very good at being very gracious and very patient, but he more or less, I thought, followed what Henry Kissinger has always said about negotiations. Which is that you ought, instead of moving back and forth, to select your position with care — one that's realistic, the outcome that you feel is

the best that can be obtained in realistic terms — and then stick with it. I think that's really what Ellsworth did. He insisted that there had to be these elections, that in the meantime there would be a provisional president who would not favor one side over the other, and that the armed forces would pursue some kind of process of reconciliation — which never happened, which I think he knew was not going to happen.

Q: Alexis Johnson said once, in talking to the Senior Seminar when I was there, that his trick was to draft the final communique before the negotiations began.

SHLAUDEMAN: Yes, that's more or less the same idea. In any case, these negotiations were successful in producing a provisional government which had a terrible time. I remember Ellsworth and I came back here in July or August, and we thought we were going to stay until the following year. The government almost fell again and we had to go back and hold their hand. But the elections turned out — Bosch did not win, and Balaguer, who is still President of the Dominican Republic, won and we actually got the troops out in September 1966. That is, only about 17 months after they had arrived, which — I remember Bruce Palmer who was the commanding general telling me that he regarded that as a miracle.

Q: You thought it would be much longer?

SHLAUDEMAN: Oh, yes. The first time we went into the Dominican Republic, the Marines were there for 7 years.

Q: 1914?

SHLAUDEMAN: 1918 - 1925.

Q: Harry, was there a tremendous emotional response, a resentment of the fact that the Marines had come in the first place?

SHLAUDEMAN: I think you have to keep in mind that this had happened before. Juan Bosch once told me, You know, if I had my dearest wish, I would cut this island across the border with Haiti and I would float us out several thousand miles from you. To some extent, this is all a self-fulfilling prophecy. These Dominicans were always talking about how the Marines were going to come back. You see, when Trujillo was killed — before that, beginning in 1960, the Kennedy Administration was very anxious to balance what they were doing against the Cubans — Fidel, the Castro problem — with equally hard policy against a right-wing dictator. Trujillo was the obvious choice, and at least twice we actually had a fleet go down there as a threatening gesture. So I think people were thinking of intervention, and were not at all surprised when we did it. I don't think that they thought anything of it — it was just the way things were — except for a small political class.

Q: Now, as the negotiations went on, did Bunker really have the power to make most of the decisions, or did he have to be referring back to the White House or State?

SHLAUDEMAN: The first place, to go back on that, there was great confusion at the beginning about who was in command of what, because Palmer, the general, had his own orders from Johnson, and they had nothing to do with Bennett and the Embassy. And then Bennett and his group were there — and then there were all of these initial negotiators sent down. I also participated with Mac Bundy in two weeks of very intensive negotiations in which we tried to set up a provisional government.

Q: Before Bunker arrived?

SHLAUDEMAN: Before he arrived. Johnson sent Bundy, Cy Vance, Mann, Jack Vaughn and Abe Fortas.

Q: All at once or seriatim?

SHLAUDEMAN: These are all anecdotes: One morning, very early, I got a call from the White House saying that they wanted me alone to take an Army plane and fly over to Puerto Rico and meet the flight from Baltimore at 2 o'clock, and there would be a Mr. Davidson aboard and I was to give him every assistance. I said, How do I know who Mr. Davidson is? They said, He will be the first one down the ladder from First Class. Well, he came down, and I saw right away that it was Abe Fortas. So Fortas started the negotiations with Bosch in Puerto Rico, and about three days later, Johnson sent everybody else — Cy Vance, Mac Bundy, Jack Vaughn and Tom Mann — all arrived — the whole thing was a mess. So all of this created enormous confusion. We had over 130 newsmen. The press conferences were turning into zoos. Finally, after Bunday had gone back, this telegram came from the President saying that he was sending Ellsworth and he would be in charge. After that, Ellsworth was the supreme authority. He did not refer things — we reported — I wrote a telegram every night summarizing everything we had done that day. We never...

Q: ...asked for approval in advance.

SHLAUDEMAN: What happened was that controversy came over the initial plan for elections, and Tom Mann was very skittish about this. After we won that argument, the rest of it Ellsworth just handled.

Q: Anything fruitful actually come out of this mass of high-level people that arrived?

SHLAUDEMAN: I think, like all negotiations, you have to go through these initial periods where expectations have perhaps been too high. They basically, the Constitutionalists, thought that we were, in effect, going to adopt their position — at least that's what happened. Bundy and I — we had sort of an agreement, but it was torpedoed in Washington. It was torpedoed because there wasn't really enough in it that showed we were doing anything about the Communists. My judgement on this, and I was present during the first meeting when the subject of intervention came up in the Department — my

judgment is that the driving force behind all of this was Vietnam. The President was simply not in a position — Bennett was sending these telegrams saying there was a danger of a Communist takeover in the Dominican Republic, and in the meantime, the President was preparing this massive increase in Vietnam, and he just couldn't — the idea of accepting a Communist takeover a couple hundred miles away when we were doing all this in Vietnam — I just think that's what drove him.

Q: You already had Cuba on the books.

SHLAUDEMAN: So, we went on from there and we finally succeeded. There were other aspects to it, but Bunker took with him the ad hoc committee of the OAS which consisted of two other Ambassadors, the Salvadoran and the Brazilian, and the OAS formed the Inter-American Peace Force which is the first, last and only time in which you had a multi-lateral hemispheric military force.

Q: Contingents from other militaries joined ours?

SHLAUDEMAN: Exactly. In fact, the force came under the command of a Brazilian general. In a sense, it boomeranged. The Brazilians I know never got over the fact that the other major countries in Latin America — the Mexicans, Argentines, Venezuelan — denigrated this whole operation — you know, nothing but doing our bidding. This, I think, had a profound effect on the Brazilian military — in the 70s, became quite hostile to us.

Q: Did that mean those countries were actually at the table with Bunker?

SHLAUDEMAN: No, no. What happened: he had these two other ambassadors, and when they were there — which wasn't terribly often — they would go with him, but when they weren't, he just went ahead.

Q: When they weren't there, was there any provision for those other countries to be kept informed in detail?

SHLAUDEMAN: They were, they were informed.

Q: Fully, frankly — no secrets on the table?

SHLAUDEMAN: Oh, yes.

Q: That would have been risky, I should think. You might have thought that people would have used this information to push their own agendas.

SHLAUDEMAN: I think in the case of the ad hoc committee, the problems came here in Washington, particularly with the Colombians and the Mexicans, who objected very strenuously to this whole exercise, and to the involvement of the OAS, and what an effect this American military intervention in a sovereign state — but on the ground, the Salvadoran and the Brazilians were very anxious for a solution as quickly as possible. The Brazilians, of course, were intensely anti-Communist at this particular juncture, and were strongly supportive of anything we would do. They at times presented some difficulties in negotiations because of their very hard stance.

Q: In the negotiations, did Bunker or any of the others of you try in any way to affect the Constitution that was going to be...

SHLAUDEMAN: Oh, yes. What happened there was that to govern — the provisional government — there was issued what was called an Institutional Act, and the reason it was called an Institutional Act was because the Brazilian Ambassador insisted that it be called an Institutional Act, since in Brazil, their own instrument was also called — as you know, at that time, there was a military government — and their own Constitution at the time was called an Institutional Act. I have to tell you quite frankly, I can't remember who drafted this thing. We drafted part of it, I know, but I can't remember how it was finally approved. I think maybe by the Provisional Governor and his cabinet.

Q: Did that then become a final Constitution.

SHLAUDEMAN: Oh, no. It only lasted until the elected government took office, and the elected government immediately wrote a new constitution.

Q: Is that still in effect?

SHLAUDEMAN: Yes. I think it's been changed over time. I can't remember whether there have been any Constitutional Conventions. Constitutions, as you know, come and go in Latin America.

Q: Was there much of an outcry in Latin America in general about this whole exercise?

SHLAUDEMAN: Yes, but the more important outcry was here. Again, I think at the root of all this was Vietnam. If you go back to that period and look at what was published and what the media was saying and what the Left generally was saying, it was a forewarning of what was going to happen in Vietnam. In fact, Mac Bundy, the day he came — the first day I saw him in Puerto Rico — he had just come from one of the teach-ins on Vietnam, where he had appeared and argued with students about Vietnam.

Q: Have you written or published on this at all, that a researcher might want to trace down?

SHLAUDEMAN: No. I should say that there are any number of doctoral theses written about the Dominican Republic. In fact, I've just given two interviews to both students at the University of Texas who are doing doctoral theses on the Dominican Republic. But most of these have focused on the decision to intervene.

Q: I might just say that if there is any material you are handling that might still be classified, we have to specify that on the tape. Does that finish us with the Dominican Republic?

SHLAUDEMAN: Yes, but I will just tell one anecdote, which is not generally known. When Juan Bosch was elected president in the fall of 1962 — he was inaugurated in February

1963 — twenty-four hours before the inauguration, Kennedy called Lyndon Johnson and asked him to go to the Inauguration. Johnson was furious, because of the short notice in part, and because this occasion was really not important. So, Kennedy sent — it's important to realize that the Dominican Republic was very important to the Kennedy Administration because of Cuba, and Bobby Kennedy in particular focused on what happened there. So when Johnson was going, Kennedy told Ed Martin and Ted Moscoso who went with him, not to let him talk alone with Juan Bosch. So Johnson arrived and he was his usual charming self.

I was, however, unaware of these instructions, and it was very much in our interests that the two did have a private interview. So I arranged it behind the scenes, and so when Johnson was leaving with all his entourage, they went to the palace. They were all sitting there, and all of a sudden Bosch got up and asked the Vice President if he would accompany him out of the room. You can imagine that Martin and Moscoso were not very happy about this. That's about all of the Dominican Republic. In any case, as I said, it was a very important part of my career.

Q: Next subject?

SHLAUDEMAN: I guess next would be Chile.

Q: And the years?

SHLAUDEMAN: In Chile we're talking about 1969-1973. We were there four full years. We arrived during the Frei Administration and left two months before the coup that overthrew Salvador Allende.

Q: Which Ambassadors were you under?

SHLAUDEMAN: The first two years it was Ed Korry and the next two years Nat Davis. This was really the height of the Cold War. I think people who would expect — and this

was always the case in Latin America, that our critics expected somehow that the Cold War would not affect policy. You know, the Cold War dictated policy all over the world, including Latin America. Allende's election [in 1970] was a tremendous shock to the Nixon Administration, and to Nixon himself — this is all a matter of public record now. He was infuriated by it.

I think it's important to emphasize that what we did there was to try — at least that was the way Nat Davis and I saw it — to try to bolster the democratic forces at a time when, despite the mythology that developed later, what seemed to us was going on was that Salvador Allende and his crew were attempting to make this, in effect, really irreversible, as I think we've seen in other countries. Our activities may have contributed to — probably did contribute to the atmosphere in which the military moved, but the military moved on their own, for their own reasons.

One of the key moments in this long, drawn-out conflict came when the Allende Administration decided to adopt a new educational policy and briefed all the Cabinet on what they were going to do. In the Cabinet was a Navy Admiral. At this time Allende had brought in two officers from the armed forces in an attempt to bolster.

Q: As a sort of gesture to appease the armed forces?

SHLAUDEMAN: More than that — in an effort to keep them from overthrowing him.

Q: Preempting them.

SHLAUDEMAN: And to use them against his adversaries. In any case, this Admiral was so shocked by what he heard, which sounded to him as if they were going to put an end to — they probably were — to all Church education, to Roman Catholic schools. This, I think, contributed enormously to the ultimate decision on the part of the Army and the Navy to overthrow him. In any case, we lived through all that.

Some of the things that happened in Chile were really quite common in Latin America. When I first went to Colombia, the things you found there — inflation, corruption, military government — were the same you found every place else. It ultimately turned out — I don't know what, if any credit we can take for it — but Chile is now a very healthy, strong country. We were under enormous pressure there, as you can imagine.

Q: Yes, I have Nat Davis's book The Last Two Years of Salvador Allende, which I'll just note for any researcher.

SHLAUDEMAN: Yes, it's very good — excellent book. The major effect of this experience was on my dealings with the Congress subsequently; it turned out that I was Deputy Assistant Secretary who, among other things, had responsibility for Chile.

Q: After you came back?

SHLAUDEMAN: Yes. I had to testify in the House — this was the first hearing, I think, which later led to the Church Committee hearings. I was accused during that hearing by a Congressman from Massachusetts of lying to the committee, and this kept coming up over and over again. I think the record is clear that I didn't. The question they had to answer was how much should I have said in open hearings. I kept saying that I really didn't want to talk about these things in open hearings.

Q: Did they call you back for closed hearings?

SHLAUDEMAN: No.

Q: Was this the first time you had ever testified in Congress?

SHLAUDEMAN: It may have been. I testified several times — I testified subsequently in the Senate, also, on refugees as I recall, before Ted Kennedy, and of course, I had all these confirmation hearings. I've done others — Cuba. This affected me very seriously.

In fact, when I was up for Venezuela, I had people come up and testify against me, and it was all very upsetting. But it worked out.

Q: Let me interject another parenthesis, of going back through your whole career history, it struck me that your whole progression related to your relationships with people in the Foreign Service or the State Department, or the White House, and they got to know you and you got your assignments from that. Did you in all those years make any attempt during all those years to politic on the Hill, to deliberately go up and say Hello to key people, to protect or advance your status?

SHLAUDEMAN: No, quite the contrary. I stayed away from the Hill as much as I could. There are a few people up there — one is Bill Richardson who is now Congressman from New Mexico, who worked in the Department with me particularly on Latin America issues. Other than that, I knew a lot of them, have known them over the years. They visited me at posts and that sort of thing, but I have never gone up on the Hill except under duress.

Q: I see. Because John Muccio who was our Ambassador in Iceland when we were there — he obviously made a deliberate attempt. Every time he was in Washington he would make the rounds up on the Hill.

SHLAUDEMAN: Some of them are very good at that. I should say about John Muccio that he's responsible for my being in the Foreign Service. This is about 1951 and I was at a cocktail party and met him and we had quite an extensive talk. He was on a recruitment trip and told me I should look into coming into the Foreign Service.

Q: Excuse that interruption. So we're still in Chile?

SHLAUDEMAN: There isn't much more. I think most of the Chilean subject has been exhausted. I can't think of any particular insights, except what I said — I think that whatever came out subsequently, what we thought we were doing was supporting the

democratic forces. Obviously, we hoped that at some point Allende would come a cropper, but he did so largely through his own doing, not ours.

Q: He just pushed them beyond the point which they would accept.

SHLAUDEMAN: He pushed them, and he ruined the economy, of course. That hurt very badly. The problems we had there were problems that were common in Latin America, except they were enormously intensified by this ideological battle that was going on.

Q: Next subject?

SHLAUDEMAN: The next thing was Venezuela. I was only there a year but it was a very critical year. It was the year of the nationalization of the petroleum industry.

Q: The date was?

SHLAUDEMAN: I went in 1975 and left in May of '76. Carlos Andres Perez introduced legislation in the Congress to nationalize the petroleum industry which was largely controlled by American companies and Royal Dutch Shell. One of the stories about Venezuela was that when Standard Oil of New Jersey — now Exxon — went to Venezuela, when all of the concessions around Lake Maracaibo were gone so they had to take the lake. They developed the technology and at one point were pumping 2 million barrels a day out of that lake. So they were pretty fortunate.

In any case, the question we had was how we should respond to this. There were a lot of people in the government who believed — and there were a lot of precedents for this — that we should take this as an expropriation case and react very strongly, as best we could. My argument was that there was nothing we could do about this, they were going to do it anyway, they were going to take this property. They were offering a sort of compensation in terms of contracts — I think it was 15# a barrel for technical assistance, and they were offering payment for the superstructures they were taking — the equipment

and all that. However, they were also setting up a mechanism to judge, in effect, how much the companies owed on this equipment for deterioration, and there was the question of taxes which turned out to be very important.

In any case, we had a long struggle over this issue. I think his name was Steve Schwabel, who was the Deputy Legal Advisor who is now a judge on the World Court. He, in particular, led the group that believed we should act as we had in Peru in the IPC case. I kept coming up here and arguing my case. In the end, I prevailed, and Bill Rogers prevailed. We were able to accept what was a fait accompli, which had no effect, no negative effect on our access to oil. Obviously, Venezuelans had to continue to sell to us. It had no real negative effect on production. It was only on the companies themselves.

Q: Do you think they took a bath financially from it, or came out all right, more or less?

SHLAUDEMAN: Well, these companies, unlike the copper companies in Chile, which — Anaconda was obviously ruined by the expropriation of its properties there. It was producing 70% of its output in Chile. Anaconda and Kennecott just went down the drain when they were expropriated. These big oil companies have lots of money and in the end it didn't really affect them. And of course, they're beginning to go back to Venezuela. The wheel has turned and the Venezuelans are anxious to exploit their heavy oil deposits.

Q: Is that technically feasible now?

SHLAUDEMAN: That's what they say, and in fact, several of these companies, including Amoco, while I was there, had developed technologies.

Q: Sending steam down to liquefy it and all that.

SHLAUDEMAN: I think that the technology has always been there. The question is the price, whether the price justifies it or not. Obviously, the technology must have improved

now to the point where a company like Conoco believes that this is financially doable, even with the oil price below $20. There must be something there I don't know about.

Q: Parenthesis on that: if it were doable and economic, where would those big reserves fit into the general picture of the world-wide reserves.

SHLAUDEMAN: Of course, they're enormous. You're talking about over 250 billion barrels of reserves.

Q: Already found?

SHLAUDEMAN: Already identified. Now the question is, what do you do with it? There are several questions about it, one being — I assume that this heavy crude would generally go for fuel purposes, that is, for heating and generating, not for gasoline — although I don't know this but it's what I've assumed. In this oil there are various mineral properties which will create a terrific problem with — what do you do with all this stuff? Apparently, to produce a million barrels of this stuff would create huge mountains of minerals — I can't remember what kinds, I used to know.

Q: So you might have a devastating effect on some mineral supply-demand system?

SHLAUDEMAN: Yes. In fact, one of these minerals is used in the production of steel and I think you would drive everybody else out of business. In any case, we struggled with this thing. I was there when the whole business of OPEC began to take on great importance, and the Venezuelans prided themselves on being the real fathers of OPEC. It was a very exciting year and I got to know Carlos Andres very well. When I was nominated for the job, I got a lot of negative publicity because of Chile, and he actually stalled for two months before he agreed, and when I left, he gave me a big dinner at Miraflores at the palace, and during his toast he thanked me for not overthrowing him.

Q: Was Bill Luers there when you were there?

SHLAUDEMAN: No, Bill had left, and of course Bill came back.

Q: Did he immediately follow you?

SHLAUDEMAN: No, Pete Vaky did. Bill followed Pete Vaky. This was very good experience — it was a fairly large embassy with a great variety of problems. I found the experience very useful later on. Being Assistant Secretary — you asked about this...

Q: Did that come immediately after?

SHLAUDEMAN: Yes. I left Venezuela to become Assistant Secretary. I think when I came into the Service, certainly in the 60s, you could pretty much say that Assistant Secretaries were the key actors.

Q: That's right. That was Kennedy's doctrine, you know, This was the point at which the policy level overlapped with substantive expertise. Very definitely. Which is what the Foreign Service would love — we would automatically feel is correct.

SHLAUDEMAN: Exactly. I suppose the high point of this doctrine actually came in the Johnson Administration when Johnson made Tom Mann Assistant Secretary in ARA, and at the same time made him Special Assistant to the President, and the head of the Alliance for Progress. He insisted on those in order to take the job. I think what began to happen as time went on, was that the greater activity in the White House of the National Security Council staff, and the effort on the 7th floor to concentrate more authority, and above all, the greater assertiveness in foreign affairs of other agencies began to eat away at the authority of the Assistant Secretaries. I think this became very much the case in the Carter Administration, for various reasons. Of course, you have to take individual cases. In the case of ARA, our bureau, the problem was Human Rights, and the perception of the Carter White House, on the part of Warren Christopher in particular, was that ARA was not really committed to the Carter policy on Human Rights. As you may remember, Terry

Todman succeeded me as Assistant Secretary, and it was because of what was believed was his less than total commitment to the policy that he was removed.

Q: What is your feeling about that? Do you think there was a hesitation in the Bureau?

SHLAUDEMAN: I think there's no question about it. Historically, our bureau has been committed to the clients, and this has been the way things have worked in Latin America for a hundred years, really. The idea has always been, and Kissinger was always bitterly critical of this attitude, that what you are there for is to maintain friendly and cordial relations with these countries and to help them regardless of their governments, and regardless, all too often, of our own more basic interests, particularly commercial interests.

This, I think, has been a continuing problem, and in a sense, the Carter Administration was right. On the other hand, some of this was pretty showy, less than substantive. It really came to a head when I was Assistant Secretary, or it began to come to a head, in the case of Argentina where the dirty war was in full flower. Bob Hill, who was Ambassador then in Buenos Aires, a very conservative Republican politician — by no means liberal or anything of the kind, began to report quite effectively about what was going on, this slaughter of innocent civilians, supposedly innocent civilians — this vicious war that they were conducting, underground war. He, at one time in fact, sent me a back-channel telegram saying that the Foreign Minister, who had just come for a visit to Washington and had returned to Buenos Aires, had gloated to him that Kissinger had said nothing to him about Human Rights. I don't know — I wasn't present at the interview, which took place in New York. But in any case, this was the kind of thing, and this hung over very much so in the Carter Administration.

I think, in terms of what my successors encountered — it came more and more difficult, really, to drive policy. Some of that goes back — Rusk made a great effort to get us to be more accommodating to the Pentagon, you may remember. He was really upset when we got into controversies with the Pentagon over issues. So in time, these other agencies

began to play a bigger role, and to take on more, and to become more and more difficult. The inter-agency system never really fully worked.

Q: For you as Assistant Secretary, what were the primary foci of serious dispute resolution within the other agencies. Did you go to inter-departmental groups, or did you get on the phone to your opposite numbers, or what?

SHLAUDEMAN: What we did — and Bill Luers was one of my deputies, later on was my Senior Deputy — he was particularly good on the phone. What we did generally, when we had controversies and problems, was to try to work them out one-on-one on the telephone, because the inter-agency mechanism with Kissinger on the 7th floor just — you know — had deteriorated enormously because he made so many of the decisions himself.

Q: Then was a lot of your problem convincing Kissinger also?

SHLAUDEMAN: Yes.

Q: How often would you go up to him, let's say, in an average week?

SHLAUDEMAN: Almost never. I generally dealt with Larry on these issues. It was only later that I got to know Kissinger very well.

Q: So, for the Kissinger exercise, was that done through Larry, or with papers, recommendations?

SHLAUDEMAN: Generally on the telephone. I'll give you an example: we had a very important issue that was a non-issue. All of these little islands in the Caribbean were becoming countries, and the issue was, were they going to come into the OAS, and into the United Nations, with one vote per country? I remember Suriname was a particular issue. So Henry finally had a meeting — I've forgotten who it was, but one of the other bureaus had got onto this because of the UN aspect, and Henry listened for about 10 minutes and then he said, This is nonsense — there's no way you can stop it. And he

walked out. Which is of course true. Nowadays, I assume you would have a two-hour meeting and a lot of papers and a lot of stuff would go on....

Q: ...agonizing clearances over the languages...

SHLAUDEMAN: ...and it would come out the same way.

Q: How much of the key issues, when you were there, had to go to the White House?

SHLAUDEMAN: I was there such a short time, I can't remember. I think, practically nothing, but again, it was because we had Kissinger in the building.

Q: So relations with the White House were not a key issue for you?

SHLAUDEMAN: No. There were a couple of things that went on, but they were largely protocolary. The really big issues — for example, the emerging issue of Mexican oil which, when I was Assistant Secretary, was very much on our minds, and what was going to happen in Mexico. This was entirely Kissinger — nobody else even got involved. Now, in the Carter Administration, came a tremendous struggle over natural gas prices and the whole relationship with Mexico. But Kissinger and I, just the two of us, met Lopez Portillo, the President-elect, when he came to Washington — we didn't have anybody else with us — and talked to him for about two hours. So, it was a different world then.

Q: Was what the three of you agreed at that two-hour meeting implemented later?

SHLAUDEMAN: No. In fact, we were fooled. Both of us thought Lopez Portillo was going to be a reasonable fellow and a good President and he turned out to be a big crook.

Q: Did you reach some sort of agreement?

SHLAUDEMAN: No, we didn't reach any agreement — just talked. We certainly, I think, created the right — Henry pressed him on a couple of things, on Mexican attitudes in the OAS and the United Nations.

Q: Is that all on the Assistant Secretary role?

SHLAUDEMAN: Yes. Bill Luers used to call it the “loony bin”. There are very few jobs anywhere like it. I must say, it's been interesting looking back on how the relationship between Assistant Secretaries and the Under-Secretary for Political Affairs has changed. During the time I was there, the Under-Secretary had very little to say, very little to do. I gather now that's not the case.

Q: Back when I was in, he would really be a special problems' man and very narrow on certain things. Now he seems to be sort of a key point for a whole spectrum...

SHLAUDEMAN: That's my impression, too.

Q: All right. One minute on the Deputy Assistant Secretaries. You said there were five when you were there?

SHLAUDEMAN: There were only three of us. There are five now, or there were five up until January 20th.

Q: Do you agree it's good to cut them down?

SHLAUDEMAN: Oh, yes. I wanted to eliminate the third one so we'd only have two. We tried a kind of restructuring, and my idea was to drive the decision-making down as far as we could.

Q: Every so often that comes out and creeps back up again.

SHLAUDEMAN: I thought, and still think, that desk officers should have more responsibility and do more, and we had way too many office directors and they do too much. This was my thesis when I was Assistant Secretary.

Q: When I inspected the Bureau in relation to that and spoke to the Deputy Assistant Secretary for Economic Affairs, he really did not know what his role was and was floundering. He really was a fish out of water.

SHLAUDEMAN: That's exactly right. That job was created for Tony Solomon, and largely was created by Tom Mann, so that Solomon could oversee the Alliance for Progress. Then after the Bureau lost the Alliance to AID, the job became pretty meaningless.

Q: Next subject.

SHLAUDEMAN: I don't know how much longer I can go on about these things.

Q: We can resume another time, if you're getting tired.

SHLAUDEMAN: We still have Peru, Argentina, Brazil, and all of the Central American stuff.

Q: Why don't we just schedule another time? Okay, we are suspending this particular tape at the moment but we'll resume at some unspecified future date.

* * * * *

Q: We are resuming now on June 1, 1993. Do you want to add to your previous remarks?

SHLAUDEMAN: I just want to say at some point that during the previous conversation, I referred erroneously to the period of Marine occupation of the Dominican Republic. Just shows you as you get older, your memory leaves you. I looked it up when I got home. The Marines were in the Dominican Republic from 1916 - 1924 — that's 8 years. It's

an interesting point, because of course, that's a much shorter period of time than our forces were in Nicaragua, which was over 20 years. I think when we intervened in the Dominican Republic in 1965, everybody concerned had that very much in mind, that very long occupation which led to all sorts of difficulties. It was a major accomplishment of Ellsworth's, and thought to be, particularly by the military, that we got out in a year and a half. They thought that was extraordinary, something of a miracle — which indeed it was.One other thing, a kind of interesting point about our practice of diplomacy, at least in Latin America referring to Venezuela: When I was there, a man named Neuhous, who was the local representative of Owens-Illinois, a large glass company, was kidnaped under circumstances that are still very mysterious to me, and he was subsequently held for a long time — over 3 years. What happened was that the Venezuelan government, the President specifically — Carlos Andres Perez, instructed the company to stay completely out of it. Well, the company, under very heavy pressure, as you can imagine, responded to a demand from the kidnappers and published a declaration — one of these declarations that we are all familiar with in these cases — in a Miami newspaper, I think. Carlos Andres Perez responded by expropriating the company. As you can imagine, this was a very big problem for me. I went to see him several times and insisted that this was a very wrongful action and could not be countenanced. Literally, I got nowhere. Then one day, I happened to be playing golf at the Caracas Country Club, and one of the people I was playing with was Carlos Andres' Minister of the Presidency, and when we finished, we were sitting around and I launched into my normal spiel about this. I got more and more emotional about this until I really became, I think, very harsh. To the point that another friend of ours who was there told me afterwards that he thought I had really more than made my case. in any event, that did the trick. What they did — and this was of course typically Latin American — they did nothing. The decree still stood, the company theoretically was expropriated, only they never expropriated it. So this is the way things worked down there.

Q: I want to interject a question about where the issues — perhaps it varied by country — but where the issues were dealt with — a: our Embassy overseas, or b: through their Embassy here, or sometimes both places.

SHLAUDEMAN: Let me say this, as a general rule, almost always true — Latin American embassies in Washington are remarkably inept, and very little real business is ever done here by the embassies. A lot of the business is done by visitors — the visiting Head of the Central Bank, the visiting Foreign Minister, that sort of thing. This is partly a cultural problem. Latin American ambassadors are not used to the idea, for example, of lobbying Congress. This is something completely outside the realm of their experience. It's also true that a number of these countries — Colombia is a good example — have no real Foreign Service. Generally, in the case of Colombia often is a pre-residential candidate who comes here to burnish his credentials. There are exceptions — the most notable one is Brazil which has an excellent Foreign Service and an excellent one which does a lot of business here.

Q: This goes to the question about the opinion that is becoming very common, but with the development of modern communications, the embassies' role is less important than it used to be. I feel that in many countries, this is flat untrue, because of this lack of a meaningful contact here in Washington.

SHLAUDEMAN: I would agree with that. Although I think that within some areas, for example, international monetary and economic issues, are really handled by an old-boy network that exists among these Finance Ministers, and our own Treasury Department. I think that the real importance of the Embassy, however, remains what it has always been, and that is the reporting function. Without the judgment and the knowledge of an active and able Embassy in Washington, you aren't going to get a very clear idea of what's going on,.

Q: Particularly, I would suggest, in all these new countries, that each have their local histories and local complications and attitudes — to be experts on that from Washington long-distance would be very difficult.

SHLAUDEMAN: I agree. We could go on then to — I served very briefly as Assistant Secretary because the administrations changed, although with Henry, who knows how long I would have lasted anyway?

Q: You had a tempestuous relationship?

SHLAUDEMAN: No, actually. As I think I said, I didn't have much of a relationship. It was afterward that I developed a relationship with Kissinger. But I think he was very impatient with a lot of his Assistant Secretaries. In any case, the Carter Administration came in and — largely, I think, through the intervention of Phil Habib, I was given the Embassy in Peru.

Q: Let's resume on a new tape.

SHLAUDEMAN: On Peru, it's useful to recall the background. In the first place, the Nixon Administration managed to maintain an acceptable working relationship with the Velasco government. Now Velasco's government, in many respects, was even more hostile to the US than Allende's in Chile. It was a military government, but what Kissinger used to call a Nasserist government — intensely militaristic, very left-wing. They had succeeded in expropriating just about every piece of American property in Peru. I assume that Kissinger and the others made the necessary distinction between left-wing nationalism and pro-Soviet. The Soviet influence was not that strong in Peru — Cuban influence was fairly prominent. In any case, we carried on over a number of years — in my case, beginning in 1973 when I was Deputy Assistant Secretary, lengthy negotiations with the Peruvians on these expropriated properties, and Kissinger himself was very involved in these. He got to know and to have a personal relationship with General de la Flor who was the Foreign Minister. Carlyle Maw who was Kissinger's lawyer, was brought into the Department

as Legal Advisor, later handled the negotiations on the confiscation of the Marcona properties. In any case, we had this somewhat troubled relationship in the background.

The Peruvian military government was hostile, even after Velasco was deposed and Morales Bermudez took over. So when I arrived, it was a very chilly relationship. I would have to say that over the next three and a half years, the relationship changed and improved enormously, largely due to the Carters themselves. Mrs. Carter made her first trip to Peru in June 1977, and she and the people who accompanied her were obviously totally ignorant of what they were about to encounter. They stopped in Ecuador first and the Ecuadorians prevailed on Mrs. Carter to raise with the Peruvians the border conflict they had in the Amazon. Now, nobody on the plane was apparently aware of the fact that the US is a guarantor of the Rio Protocol which fixed that boundary, so it was hardly appropriate for us to, in effect, represent the Ecuadorians before the Peruvians. The Peruvians were terribly shocked.

Q: Let me just interject. The Rio Protocol was when?

SHLAUDEMAN: The Rio Protocol was, I think, 1940 or '42, and what happened was; an armed conflict between Ecuador and Peru over the border in the Amazon. The Ecuadorians claim has always been that for historical reasons, which I won't go into, Ecuador should have access to the Amazon that is to their eastern border. The Peruvians, to the contrary, claim the existing border, and the Peruvians won the little war that took place then. The Rio Protocol was an invention on the part of the US, Argentina, Brazil and Chile, and resulted in fixing this boundary. The four powers guaranteed the boundary.

In any case, this was an example, I think, of somebody who was really not prepared, and the people with her were really not prepared. When Mrs. Carter returned, over three years later, for the inauguration of Fernando Belaunde as President, she was not only much more knowledgeable about what she was doing, but much more open to help, assistance, and advice from the Embassy. In any event, Morales Bermudez who was in constant and

terrible financial problems from the first day I was there, looked to the US not for direct aid, but for help with the international institutions — the Fund, the Bank, which he got from the Carters, very much so, and he was very grateful for that kind of support.

Q: At that stage, were we trying to channel our help increasingly through the international in order to avoid the bilateral problem?

SHLAUDEMAN: Yes, and we still had immense bilateral problems with the Peruvians. There were a number of problems, including the drug issue. In fact, I spent a good deal of my time there on the issue. By the time I got there, the cultivation of coca in the upper Huallaga Valley was already an extensive industry. Already had attracted great attention from the Congress in particular. We did have a substantial bilateral aid program, which I thought was a very good one. It focused particularly on the poor suburbs of Lima, the issue of housing and infrastructure. I've been amused to read as much as ten years later about the innovations in the drug business, the innovation of crop substitution. We were involved in the innovation of crop substitution back in 1977 and it never worked. In fact, one of our schemes was to substitute the cultivation of tea in the upper Huallaga for coca.

In any case, we were there for three and a half years, and I think it was a very successful tour. I enjoyed it, and it was only at the very end, the last few months I was there, that suddenly, out of nowhere, as far as we were concerned, the Sendero Luminoso, the Shining Path, suddenly emerged in the Altiplano of Peru. This was an interesting, to me, case. We had no inkling whatsoever. This was an absolute surprise in every sense of the word. It's an interesting comment, I think, on some of our intelligence failings, that we knew absolutely zero.

Q: In the light of later knowledge, how long had that been developing?

SHLAUDEMAN: Well, we know that it had been developing for at least 10 years. However, of course, their first overt action was in May of 1980. But this focus of subversive activity at the University — we were completely in the dark as far as the Sendero Luminoso

was concerned. The military government, the whole Velasco effort, proved to be a great disaster — the confiscation of estates, the collectivization of the economy — all these things that they tried — everything failed, as these schemes were failing all over Latin America at the time. This was my first experience with what I would call an institutional military government. There's a distinction in my mind between the popular impression of a military government led by some fat general who's a dictator, and the true institutional military government which is the kind that first became prominent in Brazil and in Peru later on.

Q: Marcos introduced that sort of thing in the Philippines, and said that for the first time the generals would become administrators and subject to all the graft and corruption that went with it. Previously they had been fairly clean.

SHLAUDEMAN: It was also institutional — under Velasco it was not, but under Morales it was institutional in the sense that he was nothing more than the representative of the institution. He had to look to vetoes from the services, from powerful military commanders. In any case, it was a terribly inept government, largely staffed, as with Marcos, by general officers of one kind or another. They spent enormous sums of money on armaments. One of the myths in Latin America at the time was that the war between Peru and Chile, the War of the Pacific, would resume on its hundredth anniversary, which was 1979. So they were buying all this equipment and we were trying to slow them down. We were also urging them to switch from Soviet equipment to ours, which they didn't do. So the Soviets, in the end, ended up with a lot of worthless paper and a lot of barter arrangements that didn't pan out. In any case, all this came about during a very slow, agonizing, but ultimately successful transition back to democracy, which was really the beginning of a wave of these things all over Latin America. Peru was the first one — well, Ecuador really was a little ahead of Peru. We supported this very strongly, of course, and it worked out very well. When I finished in Peru, President Carter kindly sent me to Argentina.

Q: Let me ask you a question before we go to Argentina. You said that when you arrived in Peru, relations were very chilly. In operational terms, in your position as Ambassador, and your relations with your Peruvian targets, what did this mean? Could you not see the top people, or were they just unfriendly when you did see them?

SHLAUDEMAN: I could see the top people — although, the way they structured their government and the way they conducted their foreign relations was very formal. Much more so than any country except, perhaps, Brazil. So that I very rarely saw the President — only under the most important circumstances.

Q: A few times a year?

SHLAUDEMAN: No more than that. The usual things — you had to go through the Foreign Minister to see a Minister. They had set up a number of protocolary channels that you had to deal with, but I was thinking more of the ambience which was still very nationalistic. Very shortly before, less than two years before, they had held the nonaligned — the annual meeting in Lima, and there was still a great deal of that kind of froth in the Peruvian ambiente. Peru continued to be a country with most severe racial problems, more so, I think, than any country in Latin America. They weren't really making much progress. I had a close friend there who was from a very distinguished family who had literally been everywhere in the world — Japan, China, Europe, Africa, and he had never been to Cuzco, never been in the Altiplano.

Q: So the racial tension was between the Indians and the Europeans?

SHLAUDEMAN: And the old white families. That still existed, even though Velasco had confiscated most of the properties, but the social gulf was still very much there.

In any case, I went to Argentina in October of 1980. This was another one of those things in the Senate where Jesse Helms held up all the nominations — he had some objection to something. The last session that night, he made some kind of a bargain with the

Department and let the Latin America nominations go ahead, but blocked the African. Why this happened, I had no idea. Our concern, of course, in Argentina was with human rights and the so-called “dirty war” and I recall very vividly talking alone, at length, with Warren Christopher, before I went, about this problem. We were, of course, focused on this and on attempting quietly but effectively to put an end to these abuses. We had very little leverage, of course, with the Argentine military. I had only been there a very short time when Reagan was elected — a couple of weeks, I think. The military then took the view that this was their deliverance, that now they were rid of these human rights advocates, and the Republicans would be great friends of theirs.

The Reagan Administration — they were under a number of misconceptions, I think, about the nature of this government, about the nature of the abuses that had been committed. In any case, they were quite enthusiastic about creating a new relationship with the Argentine military. This all came from Jeane Kirkpatrick's famous article on dictators and double standards, in which a number of things were true. I think she hit the nail on the head in several respects, but, as I say, I think they went overboard. I had only been there a fairly short time — a couple of months — when they scheduled a visit — Viola, who was the President-Designate. What happened in Argentina was that the President was in effect — this was a true institutional military government where the President was elected by the Commanders-in-Chief, and Viola, who had been Commander-in-Chief of the Army — they forced him to retire in return for gaining the Presidency.

In any case, they scheduled a visit for him in Washington, and I went with them, and he saw Reagan and Bush and Secretary Haig. There was this great enthusiasm, sort of embrace. I recall particularly that just before the end of the visit, I went up and saw Walt Stoessel alone, and I told him I thought they were making a terrible mistake. I agreed that we should be engaged with these people, we shouldn't create a gulf between us, but they shouldn't get in bed with these guys who, in effect, were a bunch of thugs. This should be

something that they recognized. Unfortunately, it was only after the military had invaded the Falkland Islands that this became a general view in the Administration.

That was the high point, or the low point, of my tour in Buenos Aires. I must say that in many respects, it was the low point of my career. I've looked back on this many times and I think there were signs that something like the invasion might happen and I simply ignored them. Our focus was on human rights and other issues, and somehow — the British were very conscious about this and had a pretty good notion of what could happen, and were pressing us — not me personally, but here in Washington — to do something with the Argentines to discourage them from any such move.

It was also, on our part, an enormous intelligence failure — the fact that there was absolutely nothing in the intelligence traffic, or in the Embassy, any suggestion that such a thing could happen. In any case, it was a terrible disaster, but it was perhaps inevitable — it was the last gasp of the military who invaded those islands as a means of hanging on to power. They were really on their way out.

You've asked me previously about writing, if I've ever written about this. There is a book published by the FSI called AUTHORITARIAN GOVERNMENTS IN TRANSITION in which I have a brief written discussion of the nature of the Argentine military government and US policies. I won't repeat what I said there. I reread it before coming today and I think it's still valid.

Q: Do you have any personal opinion on the long-term prospect on the Falklands dispute?

SHLAUDEMAN: Yes, I think there are a couple of points to be made. The first is that it is difficult to understand why anybody would want those islands. They are just like Patagonia — the only thing they are useful for is raising a few sheep. There is supposed to be oil out there but that may or may not be the case. My view was that if the Argentines had

not invaded, perhaps within my lifetime they would have acquired by a natural process, because the population was decreasing — every year it was lower.

The other thing is that most of the land is owned by a private company which used to be called the Falklands Land Company, or something of the kind. Costa-Mendez, who was the real villain in the piece, the Foreign Minister who I think was the intellectual author of this crazy thing — he did have the idea of the Argentine government simply buying that company, which would give them a good part of the land. In any case, what happened, of course, made all that impossible. I do not think, as far ahead as I can see, that there will be a settlement, because the only settlement that would satisfy the Argentines would be to raise their flag over the island, and that's not going to happen, after the events of 1982.

I was there, of course, when Al Haig came down in his famous effort to mediate the conflict. I won't say much about that, but if you read this piece I wrote, you'll have some understanding of what he was faced with. In effect, once they had invaded those islands, it was a government that could make no decisions, that was totally paralyzed. I went on April 30 to Galtieri — it was after midnight, and we were about to announce publicly our condemnation of the Argentines and the assistance we were offering the British. I proposed to him that he take the troops off the islands and leave the governor and leave his flag, and see what would happen.

Q: This was after the fighting?

SHLAUDEMAN: No, the fighting had not yet started, the British had not yet arrived but they were on their way. He thought that was a wonderful idea, and he said, You come and see me early tomorrow morning.

Q: Had you gotten that idea from Washington?

SHLAUDEMAN: No, no. That was strictly my idea. So I went to see him early the next morning and he told me that the Navy wouldn't agree. What I'm saying is that they were paralyzed, they were unable to do anything, really.

So the defeat, of course, ended the military government. I was in a very bad position, as you can imagine. In fact, during this entire conflict, and for several months after it, I was, in effect, ostracized in the entire country — nobody talked to me. It was a very uncomfortable existence.

Q: What about the lower echelons in the Embassy, like the Economic and Political heads?

SHLAUDEMAN: Well, our political people, of course, maintained contact with the civilian opposition all throughout this. In fact, this made a lot of trouble for us, because Galtieri became aware of all this and it became a public matter, but we went ahead — we didn't back away. Economically, yes, with the business community, but not with the government. Even though the Minister of Economy was Roberto Aleman who was a long-time friend of the US. In any case, this was a very uncomfortable existence for me, and I was very conscious of what I thought had been our errors in not foreseeing this.

So I was really more grateful when the Deputy Secretary called me and said they thought they'd have to make a change. And he said at the same time, Now, we've just appointed this National Bipartisan Commission on Central America and people we've suggested as Executive Secretary, Kissinger has rejected, but he said he would take you. So I came back right away and started in on that.

Q: Before we go to a new area, one other question about Argentina. You said that a lot of your attention was on Human Rights. What did you actually do operationally to further human rights?

SHLAUDEMAN: I think the real answer to that is “not very much.” We had very little leverage with these people. I personally talked particularly to Viola a good deal about

this before he was kicked out. What had happened is, and I can't assign credit or not, but particularly after Reagan was elected, the incidence fell off enormously. It was obvious that they were reined-in. I think that was partly the case because they had pretty well destroyed the Montoneros, the major guerrilla opposition. Of course, we had a lot of cases that were hang-overs, and a lot of cases in which Americans, and in particular, American Congressmen, were interested — people who had disappeared, children who had disappeared. One of the things that, as you know, happened there was that when they murdered a couple, they would take the children and send them off. So there was a great deal of that, and we had just a constant stream of Congressional visitors, both the Senate and the House, people who were interested. Of course, they were all pressuring me. In fact, we had some very unpleasant encounters in some of these meetings, in which Viola kept talking about what he said was an effort to create a Nuremberg for the Argentine military — put them on trial. This, of course, was the major objective of the military — to avoid a Nuremberg.

Q: They took the threat seriously?

SHLAUDEMAN: Very seriously, and as it turned out, with reason. Although, as it turned out, they mostly got amnesty. So that was a constant theme throughout.

Q: Were there various economic and military relationships that were suspended because of the human rights issue?

SHLAUDEMAN: By law, the so-called Kennedy Amendment, we were forbidden to provide any military equipment, any military assistance whatsoever. As always with the Pentagon, that didn't mean you could send the Mil Group home — they just remained. Going back to the problem of not foreseeing the invasion of the Falklands — here we had this relatively large Mil Group, we had attach#s and the Chief of the Military Group had attended Argentine service schools. But they were unwilling or unable to give any indication that

this invasion was in the works. So we had a constant dialogue — quite one-sided — with Washington, on what kind of relations we should have with these people.

After the Falklands incident, the Embassy advocated — though there were some in the Embassy who were very much opposed to this — that we re-open the relationship with the Argentine military by providing them with some training, something. The Kennedy Amendment, as I recall, provided that you could proceed on the basis of a Presidential declaration — the sort of thing you see in that kind of legislation. But Washington, I think in hindsight wisely, did not do that. We were probably wrong in advocating that. In any case, that was our relationship. It was a very difficult relationship — Argentina is a very difficult country for a lot of reasons — a lot of historical reasons. Up until a few years ago, the relationship had never been good — it's quite good now, surprisingly.

To go on, I came back. I really didn't know anything about Central America. When I was Assistant Secretary, I had made my first and only trip down there and spent a week going to the 5 countries, but that was it. I knew nothing. Henry didn't know anything about Central America either, but we sure learned. It was a fascinating experience, working with him on this very political exercise. The Commission was the outgrowth of a speech that Scoop Jackson made in the Senate, in which he advocated a Marshall Plan for Central America. The conservative Democrats like Jackson were anxious to find a way out, because this controversy over the Contras and our support for the military in El Salvador had become daily more bitter — the liberals and conservatives, Republican and Democrats. Jackson advocated a Marshall Plan as something to correct all the structural problems.

Q: Take their minds off the guns.

SHLAUDEMAN: That's it. So we had this Commission appointed, and there were some very interesting people on it, including Henry Cisneros who is now Secretary of HUD. It's interesting, looking back on it, to see who was prominent in the final outcome and who

wasn't. Henry was a dissident, of course, on support for the Contras — he was totally against that. We had a group of so-called Congressional advisors, including Jackson — who never attended and who died during the Commission's life. The one who was present for every business meeting, every meeting where we were producing material for the report, was Jack Kemp who played a very strong role in what came out.

Q: Overlapping of the Executive and the Legislative.

SHLAUDEMAN: Yes. Lane Kirkland was very important on that Commission, and Bob Strauss. They were very strong people.

Q: We are now about '84?

SHLAUDEMAN: This is '83. The Commission first met in August 1983, and the first thing they did was to hold hearings, closed hearings, with all of the former Presidents and former Secretaries of State, and they all came. Nixon was particularly interesting — of course, felt that this was his field. In any case, we proceeded through a series of these sessions where we brought in people to discuss these issues. Then the Commission made two trips, one to Central America, one to Mexico and Venezuela. I made very sure that I did not go with them on the trips. I don't want to travel with Henry Kissinger.

Q: Why?

SHLAUDEMAN: Well, you know, he's very difficult, very demanding. These turned out to be successful trips. Whatever concerns I had about traveling with Kissinger, he and I got along very well, and the report, I still think, was a very good report. The disappointment came later because Congress did not fund the report adequately. I suppose that was to be expected. In any case, while I was doing this, I was asked if I would like to go to Guatemala, be Ambassador there, and I said Yes. Then shortly before the end of the Commission, before the submission of its final report to the President, the President's Special Envoy for Central America, former Senator Stone, got into a controversy with the

Assistant Secretary, Tony Motley, which was finally resolved by Stone leaving, and Motley asked me to take that job. Then I started my travels. In the next two years I traveled over a quarter of a million miles, largely by government plane.

Q: I thought you were about to go to Guatemala?

SHLAUDEMAN: But then this other job came up. I was named Ambassador-at-Large, and the President's Special Envoy for Central America. Never went to Guatemala. Of course, this was a very high-profile job. I had never before been so intimately involved with the President and the White House generally, the Secretary. The interesting and I suppose the only significant part of this job — what we were doing was trying to promote support for our position in Central America, and trying to get, particularly the Central American countries other than Nicaragua, to support the position. Then Motley came up with this idea — this was 1984 — that we should negotiate with the Sandinistas, truly negotiate. There had been efforts before — Tom Enders had gone down there when he was Assistant Secretary, but this had failed. There was, in the Administration, a group which was adamantly opposed to any negotiations with the Sandinistas. This included Jeane Kirkpatrick, Fred Ikl#, Bud McFarlane, Casey of course.

But Motley had this idea that we might be able to get someplace with them. This was all quite dramatic — he called me one day and said the Secretary was going to Durarte's inauguration as President of El Salvador at the beginning of June 1984, and I of course would be going, but he thought we could stop in Managua on the way back and have a discussion with Ortega about negotiations. He asked me to go to Mexico and arrange for the Mexicans to help set this up. So I went to see Bernardo Sepulveda, the Minister, and sat with him in his office while he called Ortega and put this all together. We then proceeded from San Salvador to Managua and had a two-hour meeting in the airport with Ortega and his crew, and it was agreed that we would have some negotiations. So I was asked to do this.

From the beginning, the Nicaraguans — the Sandinistas wanted the Mexicans present in the room, because they said they didn't trust us and they didn't trust what we would report of the negotiations, what we would tell the press. Of course, we rejected that. Like most negotiations, we spent the first three sessions arguing about procedure.

I should go back and make clear that, basically, the argument in the Administration was over the question of how far our demands should go. This group that opposed negotiations basically made the argument that the Sandinistas had to be forced into genuine democratization, that means elections — that they would lose or something — in any case, they had to be removed from office. The others, Motley in particular and Craig Johnson who was his Deputy, argued that the real issues were security issues, not democratization, and what we had to do was achieve a security agreement with the Sandinistas that would prevent Soviet and Cuban exploitation in Nicaragua, particularly in the continuing war in El Salvador.

I must say, in my own case, I was somewhat ambiguous in all this...

Q: You mean 'ambivalent'?

SHLAUDEMAN: Ambivalent. But I was also ambiguous. I was thinking of 'ambiguous' because there is a book called BANANA DIPLOMACY, in which Elliott Abrams is quoted as saying that I and others permitted a certain ambiguity in the policy — in any case, I did believe that we should negotiate some kind of interim solution. They, on their side, insisted on having the Mexicans present. The way it worked out finally was that we agreed on a Mexican venue, we agreed on having the Mexicans choose the actual place. They were not to be present in the room but they were to have a representative there, usually it was the Foreign Minister, to whom, after we had completed our sessions, we would report. Separately. That's very important: separately. I insisted, and the Mexicans were more than cooperative, that these had to be private negotiations, free of the press and that sort

of thing. So they chose Manzanillo and put us down there, and they actually sent armed naval guards and kept the press away, kept everybody away.

Before I went to the first session, Motley and Ikl# negotiated what was called a 'matrix', only it turned out not to be a negotiation. Ikl#, in effect, imposed it on him. This matrix consisted of 4 areas of issues, and they were all tied together — it was very complicated. I was told that I could present it orally but I was not to give a written copy.

Q: So you were the American spokesman?

SHLAUDEMAN: Yes, I had 4 people with me. One was a representative of the NSC staff who was there obviously to keep an eye on me, see that I didn't give away the store, give away anything. Another was an officer who is now the Director of the Office of Central American Affairs, and the third was a retired officer who had served with me. Then the Ambassador, Harry Bergold who was the Ambassador in Nicaragua, was also on my team.

In all, we had nine sessions which went through the fall. I guess the last session was in January 1985 or December 1984 — I can't remember. In any case, there were nine sessions. Their team was headed by Victor Tinoco, who was the Deputy Foreign Minister and a leading Sandinista political leader. The negotiations spent a great deal of time talking about security issues, particularly, in their case, about military maneuvers in Central America. They regarded these maneuvers, which we had historically conducted, particularly in Honduras, going back to the last century, as threatening. This was a particular preoccupation of theirs. They generally refused to talk about issues of democratization, or internal political issues, so we didn't get very far on that.

In the eighth session, I proposed to Tinoco that we take the draft of the Contadora group's latest proposal for a Central American treaty — which the Sandinistas had said they accepted — that we simply take that draft and negotiate those points which we found unsatisfactory. He thought that was a great idea, or he seemed to think that was a great

idea, and he took it back to Managua. In the interim, the Secretary called me one day and said, Let's put an end to this whole negotiation. And I said, “I am committed to go back one last time, and as you know, I have this thing on the table.” He didn't tell me but I assumed he was reflecting the President's view.

One thing that has to be kept in mind was that 1984 was an election year, and by this time, the election was over. I think the interest in negotiations — whatever there had been — had pretty well dissipated. Anyway, I went back, and before I could say anything, Tinoco rejected out-of-hand my proposal. Obviously the commandants had decided they didn't want to play that game, and so we put an end to the negotiations.

Q: You were saved.

SHLAUDEMAN: I was saved. Absolutely. During this period, there were great frictions within the Administration. I was present at one meeting in the Cabinet Room in the White House where literally people were shouting at one another. The emotions involved were tremendous. It's difficult to remember that Nicaragua was an absolute foreign policy focus of the Reagan Administration. Nothing was more important, except the Soviet Union itself.

One of the interesting things that happened during this time — Henry and I went to see the Joint Chiefs one day. Henry, in his usual manner, said, Why don't you fellows simply resolve this problem and send some troops in there to clean out El Salvador and Nicaragua. General Vessey was a great character and he said, That's very interesting, but you know, none of that's going to do any good — the problem is Cuba and to handle Cuba would take 26 divisions. Even Henry blanched at that.

The emotions in all this were extremely high. There was a fellow on the NSC staff who has subsequently published a book — he was convinced that the Department of State was in the process of selling out the President's policy.

Q: How could he imagine that that could be done?

SHLAUDEMAN: Oh, once we were on our way to Panama — I was with the Secretary — to the Inauguration of Barletta as President of Panama, and we start getting these messages from Washington that there was an enormous to-do there, because this fellow had found out that Sandinistas would be present during this Inauguration and I was going to see Tinoco while I was there. And he had somehow gotten the idea that I was going to strike a deal with Tinoco in Panama selling out the Contras. It was crazy — the whole business was crazy. You could see some of what later became Iran-Contra in this NSC staff, and the two people who ran it — Bud and later this Admiral — were people that had some ideas I didn't quite understand — I'll put it that way. Some of it is discussed in Secretary Shultz's book and people who are interested in that can read it. He had a very difficult time. Not only in regard to Central America but also with a lot of other issues.

In any case, I went on, and then McFarlane made a trip to Central America in January of 1985 and concluded that not only the negotiations should be closed off, but Motley should be removed from office and I should be given some other assignment. So that's when Elliott Abrams came in. Though he and I had not particular problems, he wanted Phil Habib to do this job and Phil took it over from me. Phil proved to be a lot more difficult than I was. I think Elliott regretted his choice. I was offered the Embassy in Brazil and was very pleased to take it. That was, for the time being, the end of my involvement in Central America, and I was very pleased to be leaving it.

Q: Before we go on to Brazil, here you were in the President's Representative-sort of role, and that's becoming increasingly popular. Do you have any comments on that role and that was of doing business? Are there any pluses and minuses in it?

SHLAUDEMAN: First of all, it all depends on who the representative is. In my case, there was no problem whatsoever, because I was under no illusions that I was going to report directly to Ronald Reagan, and I was under no illusions as to who was the Secretary of State, whose responsibility this sort of thing was. However, I must say, in the case of my

predecessor, I think he took seriously this notion that he was a Special — in every sense of the word — Representative of the President.

Q: Who was that?

SHLAUDEMAN: He was a former Senator from Florida, Senator Stone. I'm not blaming him — I'm just saying that I think this is a kind of natural confusion. Personally, I'm very dubious about Ambassadors-at-Large and personal representatives, because I've lived through a lot of this. In the Dominican Republic — I've said before — we had this enormous confusion about who was in charge of what. I think generally you're better off if you rely on your Embassies. These special envoys — special this and that — these are nearly always, I think, named for domestic political reasons. The reason there was a special envoy for Central America was to deflect some of the criticism of the Reagan Administration for not trying to find a diplomatic, rather than a military, solution in Central America. That obviously was the purpose.

Q: We now have Strobe Talbott for the successor states to the Soviet Union.

SHLAUDEMAN: Of course, that's very complicated. I guess having all these little countries, maybe it is wise to have somebody overlooking all that. I don't know.

To go on to Brazil: I spent almost three years there. The issues were all trade issues. Brazil is not a country that is open to external influence with regards to its internal politics. It's too big a country. But we had extremely serious trade problems which we worked on. I must say I spent a lot more time in direct communications with the United States Trade Representative (USTR) than I did with the Department. That and of course the debt issue, so of course I had a lot to do with the Treasury.

Q: This was when?

SHLAUDEMAN: I arrived there in 1983. I spent four-five months learning Portuguese, which was, needless to say, very useful.

Q: Full time?

SHLAUDEMAN: Not entirely full time, but almost.

Q: Could you really gabble along?

SHLAUDEMAN: Oh, yes. My Portuguese, which now is very weak, was really fairly good. In any case, this was another one of these transition periods. They were transitioning from a military government to democratic government. The President, Jose Sarney, although he had been selected by the Congress and not elected popularly — in fact, he was the Vice President but the President had died before he could be inaugurated — still Sarney was the first civilian president they had had since 1964. It was a civilian administration and the big democratic opening was local elections and all that. The problems in Brazil — we had these trade problems and the debt problem, but Brazil's own problem was that typical Latin American curse — inflation — which was eating away at them. Still is.

I found that an interesting assignment and I think, fairly successful, but wearing. One of the problems is that Brasilia is an isolated capitol and the country is so enormous that to do an adequate job, you have to spend an awful lot of time on airplanes going long distances.

We also had, while I was there, the beginning of this great issue of the Amazon forest, and the burnings that so captured world-wide attention.

Q: What is your feeling about that, on the basis of your experience?

SHLAUDEMAN: I couldn't agree more. It's an enormous problem, but the real problem is the excessive population. This is where it comes from. You have a kind of circular migration. They start out in the north-east, which is as poor as Haiti or Nicaragua, and they

would go south looking for work, to Brasilia, to Rio, to Sao Paulo. And then, not finding work, they would go north again, up the western side of the country and into the Amazon where they practice this cut-and-burn agriculture. I flew up there once, and you could see the fires all over, enormous fires. In any case, it's a huge problem and comes back to this issue of population growth.

In the Brazilian military, their position had been — I remember this vividly in the '60s — that efforts to introduce birth control measures in Brazil were all a plot on the part of the US to limit Brazil's grandeza, its grandeur, its greatness. Of course, the more people they would have, the greater the country would be. The more people they have, the poorer the country becomes. It's obvious.

In any case, it was a very interesting tour and I had there an opportunity to do something that had bothered me for many years, one of what I think — over my career — has been one of the great weaknesses of the FS. That's the failure to promote American exports.

It first really struck me in Venezuela in 1975. You could almost literally hear the money swishing around in the streets. The country was filthy-rich all of a sudden, and they were importing machinery and capital goods from all over, but mostly not from the US. It struck me as I would go around to these new factories and training schools and what-not, you very rarely saw any US equipment. In Brazil, of course, we were engaged in a constant effort to promote US exports and this was a part of the trade problem.

Q: What was the nature of the effort?

SHLAUDEMAN: Well, the Department of Commerce had established a trade center in Sao Paulo — this was one of the first ones. In the end, it was a failure — it didn't work. Well, I have some complaints about the Department of Commerce that go back a long way. But we did do an awful lot of trade shows. I spent a lot of time giving talks to business groups, Chambers of Commerce and what-not, in which I always made a pitch for the importance

of the trade relationship - they were running these enormous surpluses with us on the trade account — on the importance of a two-way trade relationship.

That would be about all in Brazil. By this time I was wearing out, and my wife was particularly wearing out. So I retired in June of '89, and I had been home for about a year, when a fellow I knew in the Department called me one day and asked if I would come and see the Deputy Assistant Secretary in the ARA, and what they wanted was somebody to help the Contras with their negotiations.

What had happened was that Jim Baker and Bernie Aronson had made this agreement with the Congress, which you may be aware of, in which we had agreed to cut off military support for the Contras, in return for a negotiated solution and elections, real elections. Well, the elections were not much of a problem as it turned out in the end, because the Sandinistas bought off on elections, and bought off on all these observers — the things that guaranteed the integrity of the elections. But the Contras, the Nicaraguan resistance, were in a very difficult situation — what was going to happen to them was the problem. I said, Sure, I'd be happy to do that.

I went down to Honduras, I went six or seven times, went with them to New York. Mostly, they disregarded my advice, which was, I suppose, understandable. It was interesting, because I got to know them. I discovered, as I think everybody who ever got into this in any serious degree discovered, that the Contras were not really just mercenaries. They were, in effect, disaffected campesinos, because of Sandinista land policies. And what they had done is historically what they had always done in Nicaragua — they had gone to the hills with their guns. Only in this case, we were there to support them. We used to fly out to their camps in these helicopters and talk to them, urge them to negotiate, all this. In the end, they negotiated a kind of agreement which I had nothing to do with, but this was after the election. The election was an enormous surprise to everybody, except to a few of us.

Q: A surprise that they took place at all?

SHLAUDEMAN: No, that Violeta Chamorro won. I was in Honduras just a couple of weeks before the election, and this fellow who had been one of the Contra commanders had gone back to Nicaragua under an amnesty. He was a very smart chap and he had been all over the country — he told me that night, There's no way she can lose unless they steal the election. I believed him. In any case, she won and the Contras signed an agreement in which the new government pledged all kinds of things — which of course they never did. So there we were.

About this time, I was asked if they could consider me for Chief of Mission there. I said No, I wouldn't go unless I were forced to. Like Hinton was forced to go to Panama. Some time later — the people they had in mind, the people initially floated for this, had for one reason or another, would have had confirmation problems in the Senate. I think probably the President decided to see if I wouldn't do this, in large part, because they knew I wouldn't have any confirmation problems. I had had all the confirmation problems you could have — these were all old history.

So, one afternoon, Bush called me and asked if I would do this. Of course, I couldn't refuse him. He said, Just go down there for a year and get this thing started.

Q: Why would the President himself do that little chore? You had already refused previous levels — is that it?

SHLAUDEMAN: I think they knew I would. And of course, I had known him for a long time. I had always had a very friendly relationship with him. So he said, Just go down there for a year. And I said, Well, a year might be too little, but a year and a half — that's the limit. He said, Okay. So I went, and it was another very frustrating assignment. I've had a lot of frustrating assignments.

The problem there was, of course, the elected government had to reach some sort of accommodation with the Sandinistas who still had all the guns, all the unions — all the methods of coercion and power in the country were still in the hands of the Sandinistas. On the other hand, the opposition to the Sandinistas was determined on recovering all their property, destroying the Sandinista army — all these things. So you had — still do — a very highly polarized country. Our interest was in achieving a democracy that would work, in resolving these very thorny property issues. Getting the police under the control of a civilian government, and so on. My view was that you had to make some accommodations. They had to make some accommodations with the Sandinistas or you couldn't make the thing work. The question was, how far should they go with concessions to the Sandinistas. I was under a lot of pressure from Washington to press them to go a lot farther in the other direction than they were willing to go. The man who was running the government, Violeta's son-in-law, was, in my opinion, very arrogant and had made a number of errors in judgment and was particularly resentful of me, of people pressing him to do things he didn't want to do.

Anyway, we had this enormous aid program, which, for a country that size, was huge, and all the problems that entailed. In any case, it was interesting. I don't know that we accomplished a great deal but we kept them going. When I left, they still had a democratic order and things were still functioning, more or less. The Sandinistas had absolutely impoverished the country. That hasn't been corrected and won't be for a long time. It's a tragedy, the country is so poor. In any case, that was the end of my career and the end, I hope, of any involvement ever again with Central America.

I should say — on things that are written, there is an anthology BEYOND CENTRAL AMERICA — I can't remember the name — published by the University of Miami, as a result of a conference held at Chatham House in London. I wrote the introduction to it, but I can't even remember what I said.

Q: One tidbit, Harry. As I inspected around South America, in lots of embassies, you'd have the problem of the Department sending out a circular and saying, Go in at the highest level and present this position... You've seen this from both sides. The people in Washington think that they're doing something, I guess, putting out a circular, but for the embassies, it's very tough, because they are always having to be jiggling the elbow of the high-ranking people. Do you have any comment on that?

SHLAUDEMAN: Yes, I do. I quite agree with you. This is what happens. I think an Ambassador has to use his judgment. Even though the instructions say, You must go to the President and tell him he must vote for our position in the UN; that if you keep doing that, you're going to destroy your credibility, you're going to destroy your access. You just have to use judgment. I'm opposed to that. I realize why they do it, why every issue is the most important one that ever came along, but you can't do that. Also, it's insulting. These countries, no matter how weak they may be, do have Foreign Ministries and they do have Foreign Ministers who are charged with handling these problems.

Q: How did you yourself roll with this punch? Did you move it down the hierarchy, or did you sometimes say, No, we're not going to go in.

SHLAUDEMAN: It depended on where I was, but, for example, in Brazil — the Brazilians regard themselves as a very important country and the President of Brazil is a very important person. So I simply handled just about everything with the Foreign Ministry. I can't remember ever not doing anything. I think we always did something. But I certainly didn't go to the highest levels on every UN vote. I think that's a great mistake.

Q: All right, we've gone through all your assignments. Do you want to make any concluding comments of any kind?

SHLAUDEMAN: No, I don't think so. Well — I would say that over the years, gradually but inexorably, the economic and commercial issues have taken precedence, and the future,

that's certainly where all the action is going to be. I think the Service has to be better prepared than it is to deal with these issues. We have to reduce our military representation in these countries, which really doesn't serve any great purpose, and increase our capacity to do effective commercial and financial work.

Q: So this ends the interview with Ambassador Shlaudeman and we are signing off this tape.

End of interview